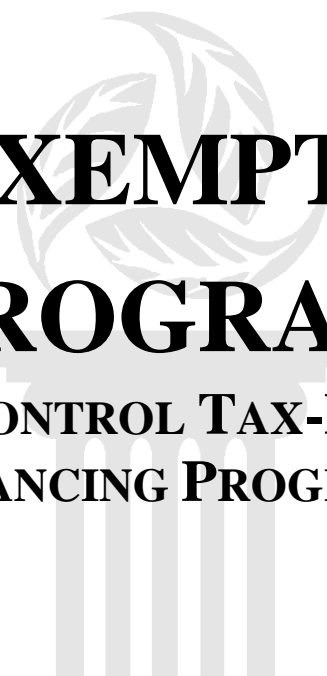


**California Pollution Control  
Financing Authority**



**TAX-EXEMPT BOND  
PROGRAM**

**POLLUTION CONTROL TAX-EXEMPT BOND  
FINANCING PROGRAM**

**2010 ANNUAL REPORT TO THE  
CALIFORNIA STATE LEGISLATURE**

*March 2011*

About the California Pollution Control Financing Authority:

The California Pollution Control Financing Authority (CPCFA) provides California businesses with a reasonable method of financing pollution control facilities and fosters compliance with government imposed environmental standards and requirements. Over the last thirty years CPCFA has evolved to meet California's needs as follows:

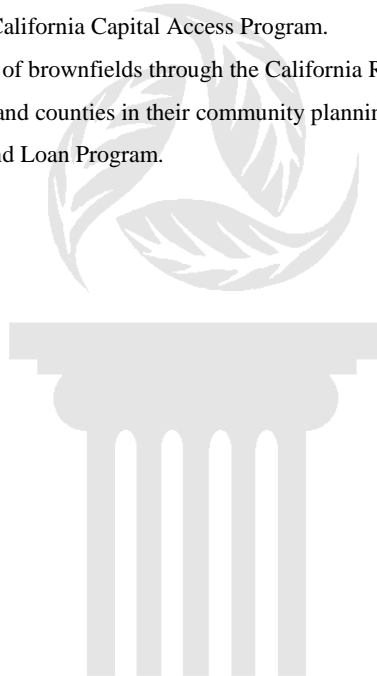
- For solid waste, recycling, water and wastewater projects through its Tax-Exempt Bond Program.
- For small businesses through the California Capital Access Program.
- With the reuse and redevelopment of brownfields through the California Recycle Underutilized Sites Program.
- With financial assistance to cities and counties in their community planning and development efforts through the Sustainable Communities Grant and Loan Program.

CPCFA consists of:

Bill Lockyer, Chair  
*State Treasurer*

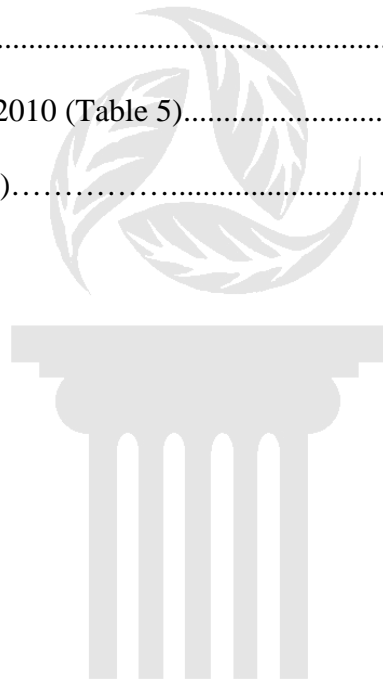
John Chiang  
*State Controller*

Ana J. Matosantos, Director  
*Department of Finance*



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# **Pollution Control Tax-Exempt Bond Financing Program 2010 Annual Report**

## **PROGRAM SUMMARY**

The Pollution Control Tax-Exempt Bond Financing Program (the “Program”) stimulates environmental cleanup, economic development and job growth throughout the state of California. The Program allows California businesses to meet their growth and capital needs by providing access to low-cost financing through private activity tax-exempt bonds that provide qualified borrowers with lower interest borrowing costs than conventional financing.

In addition, CPCFA provides a Small Business Assistance Fund (SBAF) to pay for some of the costs of issuance of tax-exempt bonds issued on behalf of small businesses. The assistance reduces the net cost of financing tax-exempt bonds for small businesses. SBAF can pay for letter of credit fees, transaction fees and other costs associated with the issuance of bonds.

## **PROJECTS HIGHLIGHTS**

### **San Jose Water Company Issued Bonds worth \$50 million in 2010**

Founded in 1866, San Jose Water Company is an investor-owned public utility, and is one of the largest and most technically sophisticated urban water supply systems in the United States. San Jose Water Company serves over one million people in the greater San Jose metropolitan area and also provides services to other utilities including operations and maintenance, billing and backflow testing.



The company’s principal business is the production, purchase, storage, purification, distribution and retail sale of water through a water supply system consisting of two surface water treatment plants located in Los Gatos and Saratoga, 108 active wells, five

impounding reservoirs, and over 2,400 miles of transmission and distribution mains located throughout Santa Clara County.



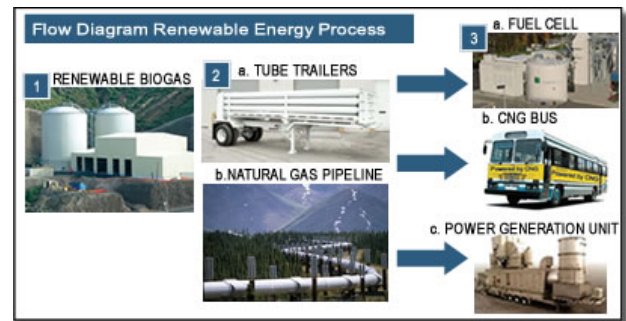
CPCFA issued tax-exempt water furnishing revenue bonds on behalf of San Jose Water to finance improvements to structures and facilities throughout the company's water supply system including the two treatment plants, wells, reservoirs, motor control center, tanks, pump stations and other functionally related structures and facilities.

### **BioFuels Energy, LLC Issued Bonds worth \$11,910,000**

BioFuels Energy, LLC is a privately held corporation located in San Diego. The company is currently developing renewable energy projects wherein BioFuels collects biomethane gas from landfills, wastewater treatment plants and anaerobic digesters. The biomethane is then purified and

condensed and transported to customers. The biomethane product can be used in clean-burning fuel cells producing energy for the customer, input directly into customers existing power generation units and/or used as CNG to provide fuel for vehicles.

The company's objective is to develop cost effective methods for reducing biomethane emissions by transforming biomethane gas into renewable energy; thereby reducing local air pollution, and creating jobs.



CPCFA issued tax-exempt revenue bonds on behalf of BioFuels Energy to finance the acquisition and installation of new equipment which includes: a gas purification system capable of cleaning the anaerobic digester biogas generated by the Point Loma Wastewater Treatment Plant; a fuel cell that will provide a majority of the electricity for the gas clean-up system; and a gas interconnection system to the existing natural gas pipeline.

## **REPORT OF 2010 ACTIVITIES**

This report of activities for the California Pollution Control Tax-Exempt Bond Financing Program is submitted pursuant to Health and Safety Code Section 44538 for the calendar year ending December 31, 2010.

### **1. APPLICATIONS RECEIVED**

Authority staff received 17 new applications for a total dollar amount of \$811,835,000. (See [Table 1](#))

### **2A. INITIAL RESOLUTIONS ADOPTED**

The Authority took initial action on 13 applications for a total dollar amount of \$720,650,000. (See [Table 2](#))

### **2B. FINAL RESOLUTIONS ADOPTED**

The Authority took final action to approve the sale of bonds on 15 applications for a total dollar amount of \$741,310,000. (See [Table 3](#))

### **3. BONDS SOLD**

The Authority sold 14 tax-exempt bond issues for a total of \$560,520,000. (See [Table 4](#))

### **4. BONDS AUTHORIZED BUT UNSOLD**

One bond issue authorized by the Authority in 2010 was not sold. (See [Table 5](#))

### **5. PROJECTED NEEDS AND REQUIREMENTS FOR 2011**

The Authority has sufficient funds to operate its programs for the coming year and has no need for General Fund assistance.

### **6. ANALYSIS OF CHANGE IN FUND BALANCE FOR FISCAL YEAR ENDED JUNE 30, 2010.**

The Authority's fund balance for fiscal year 2009/2010 decreased by \$6,774,190. The Authority's ending balance for fiscal year 2009/2010 is \$44,023,510. \$21,300,000 represents Liabilities for Deposit allocated to the California Capital Access/California Air Resources Board On-Road Diesel Program. (See [Table 6](#))

**Table 1**

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**APPLICATIONS RECEIVED IN 2010**

<b>APPL. NO.</b>	<b>DATE RECEIVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
830	01/25/2010	EDCO Disposal Corporation	SWD*	\$52,875,000
831	02/19/2010	Marina Coast Water District	WF**	\$340,000,000
832	02/19/2010	TDR, Group, LLC	SWD	\$1,600,000
833	02/19/2010	San Jose Water Company	WTR	\$150,000,000
834	03/24/2010	Best Way Disposal, Inc.	SWD	\$14,360,000
835	03/29/2010	American Water Capital Corporation	WF	\$35,000,000
836	04/21/2010	Fallen Leaf Tree Service, Inc.	SWD	\$4,200,000
837	05/24/2010	Zero Waste Energy Development, LLC***	SWD	\$23,000,000
838	06/11/2010	Sierra Pacific Industries	SWD	\$45,000,000
839	06/28/2010	Big Bear Disposal, Inc.	SWD	\$6,000,000
840	07/23/2010	West Valley MRF, LLC	SWD	\$16,000,000
841	09/13/2010	Amador Valley Industries, LLC	SWD	\$5,615,000
842	09/24/2010	ECS Refining, Texas, LLC	SWD	\$25,000,000
843	11/17/2010	Envirepel Energy, Inc.	SWD	\$25,000,000
844	12/10/2010	Zanker Road Resource Management, LTD	SWD	\$4,945,000
845	12/14/2010	Carbonlite Industries, LLC	SWD	\$47,240,000
846	12/23/2010	Kronos Properties, Inc.	SWD	\$16,000,000
		<b>TOTAL:</b>		<b><u>\$811,835,000.00</u></b>

\* Solid Waste Disposal

\*\*Water Furnishing

\*\*\* Application withdrawn prior to any Board action.

**Table 2**

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**INITIAL RESOLUTIONS (IR) ADOPTED IN 2010**

<b>IR NO.</b>	<b>DATE APPROVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
10-01	02/24/10	EDCO Disposal Corporation	SWD*	\$52,875,000
10-02	03/24/10	Marina Coast Water District	WF**	\$340,000,000
10-03	03/24/10	TDR, Group, LLC	SWD	\$1,600,000
10-04	03/24/10	San Jose Water Company	WF	\$150,000,000
10-05	04/28/10	Best Way Disposal, Inc.	SWD	\$14,360,000
10-06	04/28/10	American Water Capital Corporation	WF	\$35,000,000
10-07	05/25/10	Fallen Leaf Tree Service, Inc.	SWD	\$4,200,000
10-09	07/28/10	Sierra Pacific Industries	SWD	\$45,000,000
10-10	07/28/10	Big Bear Disposal, Inc.	SWD	\$6,000,000
10-11	08/25/10	West Valley MRF, LLC	SWD	\$16,000,000
10-12	10/27/10	Amador Valley Industries, LLC	SWD	\$5,615,000
10-13	10/27/10	ECS Refining, Texas, LLC	SWD	\$25,000,000
10-14	12/15/10	Envirepel Energy, Inc.	SWD	\$25,000,000
		<b>TOTAL:</b>		<b><u>\$720,650,000</u></b>

\*Solid Waste Disposal

\*\*Water Furnishing

IR 10-08 was withdrawn prior to any board action.



**Table 3**

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**FINAL RESOLUTIONS (FR) ADOPTED IN 2010**

<b>FR NO.</b>	<b>DATE APPROVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
498	01/27/10	Pleasanton Garbage Service, Inc.	SWD*	\$2,555,000
499	06/23/10	Biofuels Energy, LLC	WTR**	\$14,800,000
500	02/24/10	Recology, Inc	SWD	\$150,495,000
501	05/26/10	San Jose Water Company	WF***	\$50,000,000
502	04/28/10	BLT Enterprises	SWD	\$28,015,000
503	07/28/10	American Water Capital Corporation	WF	\$35,000,000
504	06/23/10	Republic Service, Inc.	SWD	\$164,860,000
505	07/28/10	TDR Group, LLC	SWD	\$1,375,000
506	07/28/10	Mission Trail Waste Systems, Inc.	SWD	\$15,700,000
507	07/28/10	Alameda County Industries, LLC	SWD	\$2,460,000
508	08/25/10	Crown Disposal Company, Inc.	SWD	\$25,640,000
509	09/22/10	Arakelian Enterprises, Inc.	SWD	\$60,565,000
510	10/27/10	Hilmar Cheese Company, Inc.	WTR	\$9,695,000
511	11/17/10	California Agriboard, LLC	SWD	\$175,300,000
512	12/15/10	Big Bear Disposal, Inc.	SWD	\$4,850,000
		<b>TOTAL:</b>		<b><u>\$741,310,000</u></b>

\*Solid Waste Disposal

\*\*Wastewater Treatment Facilities

\*\*\*Water Furnishing

**Table 4****CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY****BONDS SOLD IN 2010**

<b>CLOSING DATE</b>	<b>BOND SHORT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT OF ISSUE</b>	<b>BEGINNING INTEREST RATE</b>	<b>MODE</b>
02/25/10	Pleasanton Garbage Service, Inc.	SWD*	\$2,555,000	0.20%	Weekly
04/20/10	Recology, Inc. Series 2010A (R)**	SWD	\$67,495,000	0.33%	Weekly
	Recology, Inc. Series 2010B	SWD	\$83,000,000	0.33%	Weekly
05/05/10	BLT Enterprises (R)	SWD	\$27,415,000	0.29%	Weekly
06/16/10	San Jose Water Company	WF***	\$50,000,000	5.10%	Fixed
08/02/10	Republic Service, Inc. Series 2010A(R)	SWD	\$144,205,000	1.30%	Fixed
	Republic Service, Inc. Series 2010B(R)	SWD	\$20,655,000	1.00%	Fixed
08/04/10	Alameda County Industries, LLC	SWD	\$2,460,000	0.28%	Weekly
08/11/10	Mission Trail Waste Systems, Inc.	SWD	\$15,700,000	0.32%	Weekly
08/18/10	American Water Capital Corporation	WF	\$35,000,000	5.25%	Fixed
08/18/10	TDR Group, LLC	SWD	\$1,375,000	3.99%	Fixed
09/08/10	Crown Disposal Company Series 2010A	SWD	\$17,350,000	0.28%	Weekly
	South Bay Recycling, LLC Series 2010B	SWD	\$6,290,000	0.28%	Weekly
10/06/10	Arakelian Enterprises, Inc.	SWD	\$40,000,000	0.25%	Weekly
	Arakelian Enterprises, Inc.(R)	SWD	\$20,565,000	0.25%	Weekly
11/02/10	Bio Fuels Project Series 2010A	WTR****	\$11,610,000	8.00%	Fixed
	Bio Fuels Project Series 2010B	WTR	\$300,000	8.00%	Fixed
11/23/10	Hilmar Cheese Company Inc.	WTR	\$9,695,000	0.28%	Weekly
12/22/10	Big Bear Disposal Inc.	SWD	\$4,850,000	0.35%	Weekly
	<b>TOTAL:</b>		<b><u>\$560,520,000</u></b>		

\*Solid Waste Disposal

\*\*(R) Refunding

\*\*\*Water Furnishing

\*\*\*\*Wastewater Treatment Facilities

Note: All bond sales negotiated.

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

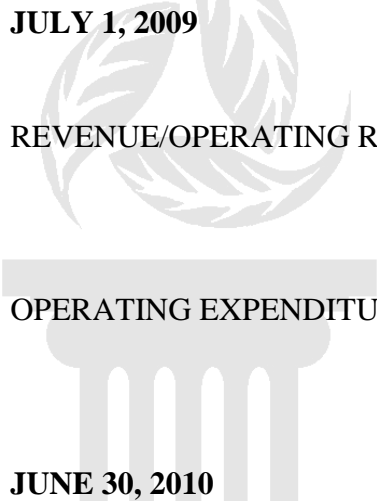
**BONDS AUTHORIZED BUT UNSOLD IN 2010**

<b>FR NO.</b>	<b>DATE APPROVED</b>	<b>APPLICANT NAME</b>	<b>PROJECT TYPE</b>	<b>AMOUNT</b>
511	11/17/10	California Agriboard, LLC	SWD*	\$175,300,000
			<b>TOTAL:</b>	<b><u>\$175,300,000</u></b>

\*Solid Waste Disposal

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**

**ANALYSIS OF CHANGE IN FUND BALANCE  
FISCAL YEAR ENDED JUNE 30, 2010**



<b>FUND BALANCE</b>	<b>JULY 1, 2009</b>	<b>\$50,797,700</b>
ADDITIONS:		
	REVENUE/OPERATING REVENUE	\$ 9,236,337
DEDUCTIONS:		
	OPERATING EXPENDITURES	\$16,010,528
<b>FUND BALANCE</b>	<b>JUNE 30, 2010</b>	<b><u>\$44,023,510*</u></b>

\*\$21,300,000 represents Liabilities for Deposit allocated to the California Capital Access/California Air Resources Board On-Road Diesel Program.